

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

Proposed Commission Recommendations on Higher Education Policies in the Governor's Proposed 2007-08 State Budget

The Governor's Proposed 2007-08 State Budget and the Legislative Analyst's Office (LAO) recommendations on the budget provide a number of policy options that will impact California's colleges and universities. This document, summarizing policy positions on selected higher education budget items, was adopted by the legislative committee of the California Postsecondary Education Commission at their March 2, 2007, meeting. It will be considered for adoption by the full Commission at their meeting on March 20-21, 2007.

<i>Governor's Budget Proposal</i>	<i>LAO Position</i>	<i>Commission Staff Recommended Position</i>
<i>Affordability: Student Fees and Financial Aid</i>		
<i>Undergraduate resident student fee levels at UC, CSU, and CCCs.</i> The Governor's 2007-08 budget assumes resident student fee increases (10% for the CSU, 7% for UC) that have not yet been approved by the CSU and UC governing boards but are to be considered later this spring. The Governor proposes no changes in the recently lowered \$20 per unit CCC enrollment fee.	<p>Recommends the Legislature adopt a fee policy based on fixed shares of total educational costs. The Analyst calculates that maintaining prior year shares would mean fee increases of 2.4% in both the CSU and UC.</p> <p>Also recommends no change in the current community college fee levels. Recommends the Legislature not "buy out" fee increases for the CSU and UC, but agrees with backfill of lost student fee revenues in the CCCs.</p>	<p>The Commission reaffirms its support of a five-year "freeze" on mandatory statewide fees, contingent on sufficient General Fund support. The only direct impact the State can have on reducing college costs for middle-income families is through reducing fees or by substantially increasing need-based aid.</p> <p>The Commission recently completed a series of reports on college affordability that can be found at: http://www.cpec.ca.gov/completereports/2006reports/06-22.pdf</p>
<i>Resident Systemwide Student Fees.</i> The budget proposes no long-term student fee policy.	<p>Recommends that the Legislature adopt a fee policy basing student fees on exact shares of total educational costs at each of the three public segments.</p> <p>The Analyst believes that a clear, explicit State fee setting policy would make student charges more predictable and would improve access.</p>	<p>The Commission supports an examination of a "percentage of the cost of attendance" method for setting resident undergraduate student fees. The Commission believes that any fixed-share approach to fees be coupled with improved financial assistance to students, that it be employed with flexibility, and that it recognize the overall rising cost of education.</p> <p>The Commission's March 2006 report examining issues to be considered in developing fee policy can be found at: http://www.cpec.ca.gov/completereports/2006reports/06-04.pdf</p>

<i>Governor's Budget Proposal</i>	<i>LAO Position</i>	<i>Commission Staff Recommended Position</i>
<i>Increased Financial Aid Funding.</i> The Governor proposes to increase funding for the Cal Grant Entitlement programs by \$59 million (8.9%) and in the Cal Grant competitive programs by \$3.1 million (2.7%).	Recommends the proposed increase in Cal Grant award funding be reduced by \$20 million. The Analyst notes that a lower level of funding is needed here for the CSU and UC if its related recommendation to lower CSU and UC's fee increase to 2.4% is adopted.	The Commission supports a freeze on student fee increases. If this, or the LAO's recommendation, generates a lower level of need for Cal Grants Entitlement Awards, the Commission proposes that these funds be redirected towards other high-priority student financial aid needs.
<i>The Maximum Cal Grant Award Amount for New Recipients Attending Non-Public Institutions.</i> The Governor proposes to maintain the current \$9,708 annual maximum Cal Grant award for new students attending non-public institutions.	Has recommended the Legislature statutorily link Cal Grant award levels for financially needy students attending non-public institutions to a calculated average of State General Fund appropriation for students attending the CSU and UC.	<p>The Commission recommends the adoption of a long-term State policy that links Cal Grant award levels for financially needy students attending non-public institutions to average marginal cost funding at the CSU and UC, as was proposed last year in Assembly Bill 358 (Liu).</p> <p>The Commission supports this approach and the stability and predictability it will give to families planning their students' attendance in these institutions. In its recent project on affordability, the Commission found that predictability of student charges was an important factor in facilitating planning for, and timely success in, postsecondary education.</p> <p>The Commission also continues to recommend the decentralization of most State financial aid programs to increase aid resources at the institutions, where they can be most targeted.</p>
<i>Intersegmental: Enrollment and Growth Funding</i>		
<i>Enrollment Growth Funding.</i> The Governor proposes to fund budgeted enrollment growth at the CSU and UC at 2.5%. The Governor proposes to fund enrollment growth at the community colleges at 2%.	<p>Recommends the Legislature fund budgeted enrollment growth of 2% for the CSU and UC and 1.65% in the community colleges.</p> <p>Also recommends that the Legislature direct the UC and the CSU to provide updated systemwide enrollment projections during budget hearings.</p>	<p>The Commission supports the Governor's proposed increases in enrollment funding and notes that the levels of increase are consistent with CPEC's long-term projections of public higher education enrollment demand. The Commission's most recent public higher education enrollment demand report can be found at:</p> <p>http://www.cpec.ca.gov/completereports/2004Reports/04-07.pdf</p>

<i>Governor's Budget Proposal</i>	<i>LAO Position</i>	<i>Commission Staff Recommended Position</i>
CCC, CSU, UC Base Funding. The Governor proposes 4% increases in base funding for the CSU and UC and proposes a 4.04% cost-of-living adjustment (COLA) for community colleges general purpose and categorical programs.	Recommends the Legislature provide a 2.4% COLA, as this is closer to estimates of anticipated price inflation.	The Commission supports the base-budget funding levels for the segments proposed in the Governor's budget as essential to provide for student access and timely success. The Commission finds that these funds are needed to address unmet needs dating back to the economic recession in the early 2000s and for the Commission's and the State's increased performance expectations of the three public systems.
UC and CSU "marginal cost" funding. The Governor proposes to continue use of the same marginal cost methodology used in 2006-07. "Marginal cost" is used to fund enrollment growth at the UC and the CSU. It reflects the additional costs (faculty, assistants, equipment, and services) incurred by the systems for the enrollment of each new student.	Recommends the Legislature reject the budget's marginal cost methodology. This would result in a reduction of \$13.4 million from UC enrollment growth funding and \$13.9 million from CSU enrollment growth funding. The Analyst's suggested methodology budgets faculty costs at the entry level, rather than at the average salary level, and has other components.	The Commission understands both the complexity and differences of opinion on this issue and believes that these differences are not resolvable within the time frame available for approval of the budget. Given the funding needs identified by students for greater levels of educational and support services, the Commission recommends that marginal cost methodology in the budget be approved. To resolve this issue, the Commission recommends that legislation be collaboratively developed to establish state policy on the marginal cost methodology to be used in the budget process to fund enrollment growth in the CSU and UC.
Nursing Education Funding and Program Expansion Proposals. The Governor's budget includes several new nursing education proposals: for CCCs funding is proposed for new nursing programs, for tutoring and academic counseling to reduce attrition rates, and to increase science prerequisite course offerings for nursing students; 340 FTE nursing students are designated within the CSU's budgeted enrollment growth; 57 additional FTE students are funded separately for the UC.	Recommends the Legislature fund UC and CSU nursing FTE above the regular marginal cost rates, due to the higher costs of this education. Also recommends that the CSU and UC nursing enrollment growth be assumed within regular proposed enrollment growth, resulting in a \$621,000 funding reduction for UC and a \$939,000 increase for the CSU. Also recommends rejecting \$9 million in CCC nursing program budget proposals and for the CCCs to report on nursing school admissions practices.	The Commission supports the Governor's nursing education programs as important steps forward in addressing the nursing shortage. The Commission encourages the continued study of approaches to remedy the State's nursing shortfall and to improve the retention of nurses both in the nursing education pipeline and in the profession. In its 2003 report on community college nursing programs, the Commission documented the State's critical shortage of registered nurses and suggested approaches for improving retention of community college nursing students. This report can be found at: http://www.cpec.ca.gov/completereports/2003reports/03-02.pdf

<i>Governor's Budget Proposal</i>	<i>LAO Position</i>	<i>Commission Staff Recommended Position</i>
<i>CPEC: Faculty Compensation</i>		
<p><i>Proposed Budget Bill Language for CPEC.</i> The budget proposed language stating CPEC's three highest priority responsibilities as: reviews of new institutions, reviews of new programs, and development of both a new faculty compensation determination methodology and a listing of appropriate comparison institutions for this purpose.</p>	<p>Recommends the Legislature adopt the institution and program review priorities and add CPEC's data management responsibilities to this list.</p> <p>Also recommends that CPEC report compensation data (to be determined) for the CSU, UC and a broad range of other institutions to provide context to the CSU and UC information.</p>	<p>The Commission agrees with the Governor's intent with regard to faculty compensation and support the direction for this research put forth by the Analyst. The Commission supports this proposal, provided CPEC is allocated sufficient additional resources and the necessary authority to do the work envisioned by policymakers in this initiative.</p> <p>The Commission notes that to undertake this project it would need the full cooperation of the systems, the Governor, and the Legislature. The Commission requests that the scope and cost of this initiative be fully vetted in budget hearings and agreed upon prior to adoption of the State Budget.</p>
<i>Workforce Development: Community Colleges' Career Technical Education</i>		
<p><i>The Career Technical Education Initiative (CTE).</i> The budget proposes \$52 million for K-12 and \$20 million for the community colleges to expand CTE course offerings and programs.</p> <p>The CTE improvement grant program was created by Chapter 352, Statutes of 2005 (SB 70, Scott). The program includes several components and is designed to improve linkages and career/technical education pathways between high schools and community colleges and area employers, among other goals.</p>	<p>Recommends that the Legislature adopt long-term goals for the CTE program that state the outcomes expected for this initiative.</p> <p>The Analyst also raises concerns that the "competitive grants" component of the program has too heavy a state-wide emphasis and recommends an allocation process more geared toward addressing local needs.</p> <p>The Analyst recommends the adoption of legislation redirecting most of the \$52 million into regional grants that would further development of the local infrastructure needed to improve career and technical education programs statewide.</p>	<p>The Commission supports this proposal as it is budgeted; the concern is that current local efforts to implement this program could be delayed if major changes in program requirements are mandated at this point.</p> <p>The Commission agrees that planning for future years' CTE funding should be done with broad intersegmental and public-private sector consultation and informed by a clearer view of goals and expectations. If this process suggests that changes are needed to the structure created by SB 70, these changes can be adopted in an orderly and targeted fashion.</p> <p>The Commission has identified improved collaboration between career/technical education programs and employers as top priority and strongly encourages continued development and refinement of the CTE initiative.</p>

<i>Intersegmental Student Support Programs</i>		
<i>Governor's Budget Proposal</i>	<i>LAO Position</i>	<i>Commission Staff Recommended Position</i>
<p><i>CSU and UC Academic Preparation Programs.</i> The budget eliminates State funding for these programs. This results in reductions of \$7 million from the CSU and \$17 million from the UC for these programs.</p> <p>In both the 2005-06 and 2006-07 State budgets, the Legislature augmented the CSU and UC budgets by these same amounts to restore funding for academic preparation programs not initially included in the proposed budgets.</p>	<p>Withholds its recommendation on the proposed General Fund reduction to the CSU and UC academic preparation programs, pending review of an evaluation of the programs that is to be submitted in April 2007.</p> <p>Recommends that if the Legislature wants to restore this funding that it consider establishing a "College Preparation Block Grant" program at selected K-12 schools that have low college participation rates.</p> <p>Also recommends the establishment of regular, external evaluations of these programs.</p>	<p>The Commission recommends that future funding for academic preparation programs be tied to clearly identified outcomes and measurements of progress towards those goals. The Commission supports academic preparation programs that have proven their effectiveness for improving middle school and high school student enrollment and success in postsecondary education. Such an evaluation was completed by both the UC and the CSU in April 2006, under the guidance of an advisory committee that included the Administration, the Legislature, CPEC, and others. A second such report is to be presented in April 2007. Based on the results of last years evaluation, the Commission recommends that State funding be restored to these programs.</p> <p>The Commission recognizes the difficulty in developing accurate methods of assessing program performance and encourages continued efforts to do so, including the Analyst's recommendation of an external evaluator. The overriding concern, however, must be with those secondary school students for whom some of these programs have been demonstrated to be a critical component of their preparation for college and success after entry.</p>
<i>Higher Education Facilities</i>		
<p><i>Assume Year-Round Operations (YRO) in CCC Facilities Capacity Planning.</i> The proposed budget does not address this issue.</p> <p>YRO is generally interpreted as meaning utilizing the summer academic term at rates similar to other terms during the school year.</p>	<p>Recommends the Legislature require the Chancellor's Office, in calculating future district requests for new instructional space, assume 12 months of usage instead of the current nine-month academic year.</p>	<p>The Commission opposes this Analyst's recommendation. The Commission in 2003–2004 researched the issue of "mandating" YRO in the facilities planning process and found the idea to be impractical on both a state and national basis. This Commission report can be found at: http://www.cpec.ca.gov/completereports/2004Reports/04-13.asp</p> <p>The Analyst's approach fails to recognize both the "student choice" aspect of postsecondary attendance and the logistical impediments in forcing students to attend summer session by assuming 12 months of facilities availability in planning.</p>

<i>Governor's Budget Proposal</i>	<i>LAO Position</i>	<i>Commission Staff Recommended Position</i>
<i>Community Colleges: Student Support Services</i>		
<p><i>Increased funding for Community College's "Matriculation" program and Counseling Services.</i> The Governor proposes to permanently redirect \$33 million in unused funding for the basic skills "overcap" enrollment categorical program to community colleges' counseling and student support services.</p> <p>"Matriculation" programs include orientation, skills assessment, counseling, tutoring, and related student support services designed to help students achieve their educational objectives.</p>	<p>Agrees with proposed recapture of unused basic skills monies but recommends that the Legislature use these funds for priorities it establishes.</p> <p>Recommends that if the Legislature wants to use these funds to improve CCCs' student services, that it give local districts flexibility to target use of these funds to the most unprepared students. Recommends temporary waiver of some laws and regulations to help facilitate this use of funds.</p>	<p>The Commission supports the redirection of these unused basic skills funding toward effective methods of helping under-prepared students.</p> <p>Community college student counseling, skills assessment, and other support services have been identified as important instruments in facilitating student success. The Commission recommends that a portion of these funds be allocated to matriculation and counseling services, as the budget proposes.</p> <p>The Commission also recommends that a portion of these funds be allocated to the local districts for services to skills-deficient students, at their discretion. The districts should report back to the Chancellor's Office on the success of their efforts and "best practices" models for possible replication in other areas, as appropriate.</p>
<i>Intersegmental: Math/Science Teacher Preparation</i>		
<p><i>CSU and UC Science and Math Teacher Initiative.</i> The Governor proposes a total of \$5.5 million for the CSU and UC science and math teacher initiative (\$2.7 million for the CSU and \$3.8 million for UC.)</p>	<p>Withholds its recommendation on funding for this initiative, pending its review of the CSU's progress report due in April 2007.</p>	<p>The Commission supports the Governor's initiative in recognizing the severe need in many California elementary and secondary schools for highly-qualified mathematics and science instructors.</p> <p>The Commission, through its "Improving Teacher Quality" program, is seeking research proposals to help improve K-12 math and science instruction.</p> <p>http://www.cpec.ca.gov/FederalPrograms/RI-RFP_02_08_2006.pdf</p> <p>The Commission recommends that all current initiatives to increase the supply and quality of K-12 teachers be coordinated. The Commission further recommends that each initiative be evaluated to determine the success of these projects.</p>